

# Crossroads

Arizona Office of Tourism



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## ARIZONA TRAVEL FACTS

Travel and tourism generates  
\$1.3 trillion in economic activity  
in the U.S. each year.

Arizona travel and tourism  
generates \$17.5 billion in direct  
visitor spending each year.

31 million domestic and  
international visitors came to  
Arizona in 2005.

Tourism is the only industry that  
affects all 15 counties in Arizona.

## AOT Headlines

### Focus on: UK

Attracted by the wide open spaces, Old West lore and Native American culture, visitors from the United Kingdom (UK) represent Arizona's largest overseas market. AOT has had travel industry marketing and media relations representation in the UK for more than 10 years, building key relationships and establishing a name for Arizona in this highly competitive market. UK residents have a high propensity to travel, mostly due to their significant holiday time, sense of adventure and the ease of connections to the rest of the world through their busy international airports. This makes the UK traveler appealing to not only other states, but to destinations around the globe, which means that Arizona must work strategically to make the state stand out in a sea of competition.

Since international travel started rebounding in 2003, Arizona has experienced significant increases in UK visitation. In 2005, Arizona welcomed 126,000 UK travelers, an increase of more than 8 percent over 2004 and nearly a 45 percent increase over 2003. One of the main reasons Arizona is so attractive to the UK traveler is the strength of the British pound versus the U.S. dollar. The pound is often nearly twice the value of the dollar, making U.S. vacations extremely affordable for UK visitors. In addition, British Airways has operated a nonstop flight between Phoenix Sky Harbor International Airport and London Heathrow for more than 10 years, making it easy and efficient to get to Arizona.

As UK travel to Arizona is really starting to heat up, so are AOT's marketing efforts. In FY05, AOT launched its largest ever international marketing campaign with the Grand Canyon IMAX Road Show, taking the iconic film to six cities in the UK. At the conclusion of the program, more than 7,700 people watched the film and more than \$550,000 in publicity was generated about the road show and Arizona. In order to build upon the success of the IMAX Road Show, AOT hosted an event last year to



Sample brochure from AOT's  
promotion with British Airways.

thank the UK travel trade and media for their support of Arizona over the years. Held at the historic Trinity House, the event was attended by the top tour operators and travel media in London.

In FY06, AOT also embarked on its second year of consumer advertising in the UK. By partnering with British Airways to execute the campaign, AOT developed a cost-efficient way to reach an extremely qualified audience and establish a link to one of the most trusted brands in the UK. The results of this campaign were astounding, with AOT receiving a 500 percent return on investment, based on the number of British Airways bookings to Arizona as a result of the advertising. AOT also created the Arizona Holiday Guide, which complements the existing Official State Visitor's Guide by offering a wealth of information tailored to help UK consumers plan a holiday in the Grand Canyon State.

AOT will continue to expand on these programs in FY07, developing new and innovative ways to attract the extremely valuable UK traveler.



# AOT Headlines (continued)

## New Web Site Launches Update AOT's Look

Last month, AOT launched a new consumer Web site on [www.arizonaguide.com](http://www.arizonaguide.com), utilizing a new look and feel that will spread the message about the Grand Canyon State to online would-be travelers around the world. The new site has a dynamic appearance that incorporates AOT's latest advertising campaign and showcases the experiences in Arizona in a backdrop of gorgeous settings and scenery. The site will be easier than ever to navigate, giving visitors access to information about destinations and attractions, activities, lodging and travel deals in Arizona. With new technology, AOT was able to harness up-to-date information and listings to keep users apprised of events and attractions throughout the state.

A comprehensive list of accommodations, restaurants and activities was gathered from statewide chambers of commerce, and convention

and visitors bureaus (CVBs). In order to make these listings as extensive as possible, AOT will continue to use membership lists from local chambers and CVBs to keep the site up-to-date and accurate. Through this community effort, AOT will be able to give visitors a full spectrum of experiences available in Arizona.

The new site is organized with intuitive topics such as Where to Go, What to Do, Where to Stay, What's Happening, What to Know and Travel Deals. The site also has an itinerary-building feature, which allows visitors to add spots of interest to a personalized vacation itinerary. What to Know includes listings for accessible travel, driving in Arizona, emergency services and frequently asked questions.

In addition, AOT revamped its business-to-business Web site, [www.azot.gov](http://www.azot.gov). This site is now available under the [www.arizonaguide.com](http://www.arizonaguide.com) address as The Agency, linked on the front page

of the site. The new organization of the site will allow constituents to locate research statistics, reports and information relevant to industry professionals and will serve as AOT's resource and information source 24 hours a day.



## Meet An Industry Professional



**Name:** Karen Churchard  
**Title:** Executive Director, Arizona Tourism Alliance  
**How long in current position:** 2 1/2 years.  
**Education:** Bachelor's degree in Journalism, Northern Arizona University.  
**Associations:** Governor's Tourism Advisory Council, Governor's Film and Television Commission, Phoenix Pride Commission, International Festivals and Events Association Foundation Board.

**Family:** Single, proud aunt and godparent of seven.

**How did you get involved in this industry?** I've been involved directly and indirectly my entire career. In high school and college I worked at restaurants and hotels earning my way to pay for college. My first job was with La Posada Resort in Paradise Valley and I've worked for the Fiesta Bowl for 21 years.

**What is your ultimate career goal?** I'm doing it! I very much enjoy organizing and leading people, as well as planning and producing events – in particular sporting events. In addition to my full-time job with the Arizona Tourism Alliance, I also do contract work with several major events and the city of Glendale in regard to their mega events.

**What were some of your previous jobs?** I was Vice President of Operations for the Fiesta Bowl for 21 years. Four years ago I started a consulting business and was hired to write the successful bid for Arizona to host NFL's Super Bowl XLII on February 3, 2008, and was also hired by Elite Racing to produce a portion of the inaugural Rock 'n' Roll Arizona Marathon.

**When you were 8, what did you want to be when you grew up?** A professional ice skater comes to mind, although I never stepped on ice until I was in high

school. My best friend and I used to spend hours on end "practicing" on roller skates in our neighborhood.

**What is your greatest fear?** I'd have to say a face-to-face encounter with a rattlesnake on a hiking trail.

**What do you enjoy doing in your free time?** Hiking or walking in the beautiful open spaces of Arizona, knitting and reading.

**What is your biggest pet peeve?** Not picking up your own messes.

**What is your favorite Arizona restaurant?** With so many great restaurants in Arizona that is a tough question! Richardson's is my favorite neighborhood place.

**What section of the newspaper do you read first?** It used to be the Sports section, now it's the Business section.

**What is your favorite TV show?** "Grey's Anatomy" and "The Amazing Race" for reality TV.

**Whom do you most admire?** I admire my mom and my dad, followed closely by my sisters and their husbands – four of whom are teachers, which makes me very proud.

**Why is your role important to the tourism industry?** As the Executive Director of the Arizona Tourism Alliance, a non-profit organization that advocates, educates and unites the industry, my role is to be actively involved in organizations and meetings that pertain to travel and tourism. I ensure that the ATA's lobbyist is actively lobbying our state's legislature on the importance of full-formula funding for the Office of Tourism as well as other legislation that affects our industry. In terms of educating and uniting our industry, my role is to produce ATA's signature event, the annual Arizona Tourism Unity Dinner, and serve as a partner and producer of the annual Arizona Governor's Conference on Tourism.

**What is your biggest wish for the industry in 2006?** That the industry continues to unite, as I firmly believe that many voices with a cohesive message evokes change – change that provides more economic and quality of life opportunities for Arizona residents.



# Tourism Research By The Numbers

## First Quarter Statewide Lodging Trends

According to Smith Travel Research, lodging indicators were positive for the first quarter of 2006. Throughout the country, the region and the state, all five lodging indicators increased over the first quarter of last year. Nationally, RevPAR (Revenue Per Available Room) increased 9.7 percent to \$57.74. The increase in RevPAR was driven by a strong increase in the Average Daily Rate (ADR), up 6.5 percent to \$96.09. Occupancy increased at a lower rate during the first quarter, up 3.1 percent to 60.1 percent compared to the same period last year. The increase in occupancy was due to an increase in the number of rooms demanded during the period. Room demand was up 3.5 percent to 239.1 million rooms during the first quarter.

Arizona's growth in RevPAR, driven by strong increases in ADR, outpaced both the U.S. and Mountain Region. RevPAR increased 11.3 percent to a rate of \$85.91. The ADR in Arizona was up 8.6 percent to a rate of \$115.47. Arizona occupancy increased at a slower rate, up 2.5 percent to a rate of 74.4 percent. An increase in the number of rooms demanded contributed to the increased occupancy rate. Demand was up 2.8 percent during the first quarter, equivalent to 6.69 million rooms.

Metro Phoenix and Metro Tucson mirrored the state's positive first quarter trends. Metro Phoenix's RevPAR was up 12 percent during the first quarter to a rate of \$110.18. The increased RevPAR was due to positive increases in both occupancy and ADR. ADR was up 9.3 percent to a rate of \$135.35. Occupancy grew at a slower rate, up 2.4 percent to a rate of 81.4 percent. The increase in occupancy was driven by an increase in the number of rooms demanded during the quarter, up 2.7 percent to 3.93 million rooms. In Metro Tucson, RevPAR grew 8.2 percent to a rate of \$89.74. Again, increases in ADR contributed to the growth in RevPAR for the quarter. ADR increased 5.6 percent to a rate of \$113.62 compared to the same period last year. Occupancy increased 2.5 percent to a rate of 79 percent driven by an increase in demand of 1.9 percent, equivalent to 1.08 million rooms.

The majority of the lodging indicators were positive for the counties in Arizona as well. Graham County experienced a strong growth in occupancy during the first quarter, up 23.7 percent to a rate of 74.2 percent. The increase in occupancy was driven by a strong increase in demand, up 23.7 percent during the period. The increase in occupancy contributed to positive RevPAR growth, up 36.4 percent to a rate of \$47.37. Yavapai County also had a positive first quarter. RevPAR was up 31.8 percent to a rate of \$70.08. The increase in RevPAR was due to both increases in occupancy, up 15.1 percent to a rate of 66.5 percent and also ADR, up

14.5 percent to a rate of \$105.39. Santa Cruz County experienced an increase in occupancy up 7.3 percent to a rate of 74.5 percent, with the increase in occupancy attributed to both a 2.8 percent increase in demand as well as a 4.2 percent decrease in supply. Occupancy rates were a strong contributor to Santa Cruz's increase in RevPAR, up 10.9 percent to a rate of \$49.56. Pinal County also had a positive first quarter, with the average occupancy at 82 percent, up 2.9 percent. RevPAR rates for Pinal County were up 11.9 percent to a rate of \$69.71, with the 8.7 percent increase in ADR driving the increase in RevPAR. ADR rates for Pinal County averaged at \$85.00 during the first quarter. Cochise County experienced a 4.3 percent rise in RevPAR to a rate of \$42.96. The average ADR rate for Cochise County in the first quarter was \$57.41. Occupancy rates for Cochise County increased 1.1 percent to a rate of 74.8 percent compared to the same period last year. Cochise County experienced both an increase in demand and supply during the quarter, with demand outpacing supply and contributing to the positive increase in occupancy rates.

## Arizona Airport Passenger Traffic

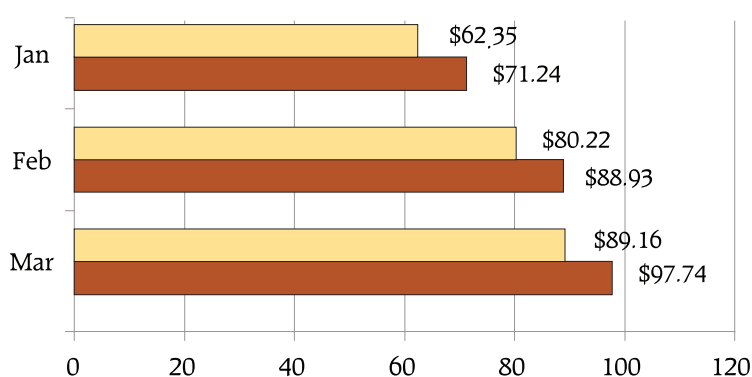
Airport passenger traffic at the four tracked Arizona airports increased 2.9 percent in the first quarter to more than 11.5 million passengers. The highest volume of airport passenger traffic was recorded in the month of March at approximately 4.3 million passengers, an increase of .1 percent. For the first quarter, the month of January noted the highest percentage increase, up 5.4 percent to approximately 3.7 million passengers. Phoenix and Tucson airports both experienced increased passenger traffic, with Phoenix Sky Harbor up 2.8 percent and Tucson International up 5.6 percent over the same period of last year. Yuma International posted a decrease of 9.3 percent in passenger traffic compared to the same period last year. Grand Canyon Airport had the largest decrease in traffic, down 13.4 percent to 95,127 enplanements and deplanements.

## AOT By The Numbers 1st Quarter, 2006

- Arizonaguide.com visits:\*  
**1,412,284**
- Azot.com visits:\*  
**153,044**
- ArizonaVacationValues.com visits:\*  
**157,558**
- High-Impact Advertising:  
Architectural Digest  
Conde Nast Traveler  
NY Times: T-Travel  
Midwest Living Insert  
Oprah Magazine  
Vanity Fair
- Target Cities Campaign Results:  
Chicago - Radio, Television,  
Print and Out of Home:  
**56,421,922 Gross Impressions**  
Minneapolis - Radio, Television,  
Print and Out of Home:  
**49,901,776 Gross Impressions**  
Seattle - Radio, Television, Print  
and Out of Home:  
**22,374,139 Gross Impressions**
- Leads generated:\*\* ..... **56**
- Total traffic in Painted Cliffs  
Welcome Center:  
Total ..... **25,187**  
Domestic Total ..... **23,254**  
Foreign Total ..... **1,494**
- Media relations advertising equivalency:  
Total ..... **\$59,905,182**

\* A visit is each unique individual accessing the Web site.  
\*\* A lead is a request for a specific program that results in revenue that benefits Arizona, such as hotel revenue.

## RevPAR, First Quarter 2006



Source: Smith Travel Research

# Industry News

## Pew Global Attitudes Project: Release of 2006 Study of U.S. Image Abroad

The following is a statement by Roger Dow, President and CEO, Travel Industry Association of America, on the latest survey by the Pew Global Attitudes Project revealing that “America’s global image has again slipped and support for the war on terrorism has declined even among close U.S. allies like Japan.

“Pew’s latest survey sends a stark message: America’s image is in crisis. Our nation is increasingly viewed with distrust. The implications – economic and diplomatic – are considerable. There are major issues impacting our global standing, such as the ongoing fight against terrorism and conflict in Iraq. But solutions do not need to be limited to these areas. In fact, we need to find a different way to present ourselves to the world – one that goes beyond the headlines of the day.”

“We embrace Under Secretary of State Karen Hughes’ recent call for enhanced ‘people-to-people’ communications. It is the American people who represent the best of America – our ideals, spirit and way of life. Unfortunately, the American people are under utilized in the battle of ideas.”

“Travel and tourism presents a unique opportunity to empower the American people to do what they do best: represent America. The more international travelers that come to the U.S., the more ambassadors we create for our country. Studies consistently show that people from other countries who visit the U.S. leave with a significantly higher opinion of our nation and our people than those who have never been here. But, like public opinion of the U.S., our share of the expanding global travel market continues to decline – more than 36 percent in the last 15 years.”

“It is time for policymakers to embrace travel and tourism and recognize its potential to boost our image around the globe. When it comes to improving America’s image, there is no substitute for experiencing our country.”

## Celebrating the Interstate and New Tourism-Transportation Partnerships

2006 marks the 50th anniversary of the interstate highway system. This 47,000-mile network is arguably the most significant public investment in the history of the nation, if not the world, and it has never cost the Federal treasury a dime since it has been entirely financed through the Federal motor fuel tax. Certainly, the tourism industry in America today has been dramatically shaped and boosted by the interstate system.

At the same time, the WSTPC is working with the Transportation Research Board, AASHTO and other tourism and transportation organizations to develop

a substantive strategy to promote better relationships between tourism offices and state transportation departments in every state and to broaden support for future Federal highway policies.

## Western Hemisphere Travel Initiative (WHTI)

In late June, a Senate panel voted to delay a post-September 11 border security program requiring passports or other high-tech IDs for everyone entering the United States following concerns about lagging technology and poor coordination with Canada. This WHTI is a massive initiative that would require all Western Hemisphere travelers to carry a passport or other secure identification card beginning January 1, 2008. The Stevens-Leahy amendment, passed on June 29 in the Senate Appropriations Committee, extends the new travel document requirement deadline until June 1, 2009 and challenges the government to meet certain milestones prior to implementation.

“It is crucial that we have a reasonable and effective policy for Western Hemisphere travel,” said Jonathan M. Tisch, Chairman of the Travel Business Roundtable and Chairman and CEO of Loews Hotels. “We applaud Senators Stevens and Leahy for their continued leadership and for recognizing the importance of this issue for travel, tourism and the American economy.”

“The Stevens-Leahy amendment is a good first step toward developing a reasonable and effective policy that does not hinder travel into the United States and threaten U.S. jobs and economic viability,” said Roger Dow, President and CEO of the Travel Industry Association.

TBR, TIA and other leading national travel organizations strongly support enhanced security measures to protect our nation. However, the industry is particularly concerned about the impact of the proposed WHTI on Canadian travel to the U.S. The organizations will continue working with the Administration to find workable solutions that enhance border security while facilitating the entry of millions of legitimate international visitors.

The plan to delay the new ID program was also included in a recently passed Senate immigration reform bill. But with that measure’s clouded future, senators moved to attach it to two must-do spending bills that will move through Congress this year.



## Top Five State Parks

(By visitation in the 1st Quarter, 2006)

- 1. Catalina ..... 62,278
- 2. Kartchner Caverns ..... 57,040
- 3. Lake Havasu ..... 45,059
- 4. Patagonia Lake ..... 38,420
- 5. Lost Dutchman ..... 37,275

## Top Five National Parks

(By visitation in the 1st Quarter, 2006)

- 1. Grand Canyon NP ..... 638,702
- 2. Saguaro NP ..... 240,665
- 3. Lake Mead NRA ..... 214,107
- 4. Canyon de Chelly NM .... 158,870
- 5. Montezuma Castle NM ... 148,263

## Top 10 Originating States to Painted Cliffs Welcome Center

(1st Quarter, 2006)

- 1. Minnesota ..... 1,964
- 2. Colorado ..... 1,834
- 3. Texas ..... 1,669
- 4. New Mexico ..... 1,564
- 5. Illinois ..... 1,376
- 6. Iowa ..... 1,276
- 7. Michigan ..... 1,228
- 8. Wisconsin ..... 1,174
- 9. California ..... 1,148
- 10. Missouri ..... 946







## Meet AOT Staff

**Name:** AnnDee Johnson

**Title:** Director of Research  
and Strategic Planning

**How long have you been with AOT?**  
Almost three years

**Education:** Bachelor's and Master's Degrees in German from Texas Tech University; Ph.D. in Germanic Languages from the University of Texas at Austin; Master of International Management from Thunderbird, the American Graduate School of International Management (now the Garvin School of International Management).

**What is your previous work history?** I was Executive Vice President of World Trade Center Arizona for four years, which was a wonderfully fun job. We worked with Arizona companies interested in expanding into global markets, and worked with a great network of agencies to provide those services. We offered seminars and workshops and administered grants to help companies, participated in international trade shows and held an international conference here in Phoenix each year, called Global Perspectives. Then I entered the private sector for six years, working for a German high-tech company entering the U.S. market for the first time. As Vice President of Marketing and Sales, I had responsibility for introducing the product line into the U.S. market. After four years, our company was bought by Intel, so I spent the next two years in product marketing at the Chandler campus.

**What is your role at AOT?** This is a wonderful job for me because it brings together many aspects of my career: strategic planning and positioning, understanding the competition and the need for good research to provide a sound foundation for all decisions. I have a variety of responsibilities, so no two days are the same.

**What do you enjoy most about your job?** I really enjoy the opportunity to be involved in discussions on many different aspects of our business. We have a very talented and dedicated staff at AOT, and I learn a lot from them every day. I also enjoy the electronic listserve connecting the travel research community nationwide – they are a great resource. There are many wonderful people in this industry.

**What is your favorite Arizona experience?** I don't think there is just one – making it to the top of Camelback Mountain for the first time and getting back down in one piece; a weekend with the girls in Sedona, where I mostly remember how much we laughed; a weekend with friends in Jerome, staying at the “haunted” Grand Hotel and laughing a lot; and then there are those awesome sunsets. I just think Arizona is beautiful.

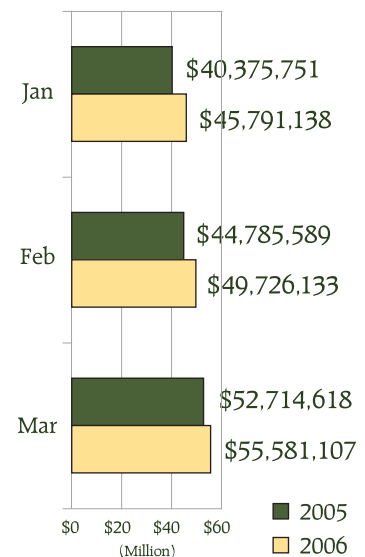
**What book are you currently reading?** I usually have two to three books going at any given time. Right now I'm reading “Animals in Translation” by Temple Grandin, “Healthy Aging” by Dr. Andrew Weil, and “S is for Silence” by Sue Grafton.

## Tourism Research By The Numbers

### Estimated Tourism Related Taxes for First Quarter 2006

In the 1st quarter of 2006, travelers generated tax revenue in the tourism sectors of lodging, restaurant/bar, retail and amusements amounting to approximately \$151 million, a 9.6 percent increase over the same three-month period in 2005. The increase in tourism-related tax revenues was driven by a 12.5 percent increase in retail, a 12.4 percent increase in restaurant/bar, followed by a 12.3 percent increase in amusements. Tourism-related tax revenues from the lodging sector increased 2.1 percent to \$38.7 million, compared to the same period last year. While more than \$55.5 million in tourism-related revenue was generated in March, the month of January garnered the largest percent increase, up 13.4 percent from January 2005.

Tourism-Related Tax  
Revenues 2005 vs. 2006  
First Quarter



Source: Arizona Department of Revenue, NAU

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Margie A. Emmermann, Director

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## From The Director



As we wrap up the first quarter of 2006, I am excited to report that another year for Arizona tourism is off to a great start!

This issue of *Crossroads* brings you the latest visitor numbers and tourism statistics for the Grand Canyon State and introduces you to the woman behind the numbers, our Director of Research and Strategic Planning, AnnDee Johnson. You'll also have the chance to get to know Karen Churchard, Executive Director of the Arizona Tourism Alliance, and learn about some of the programs AOT has in place to continue to drive visitation up.

I'm also excited to report that sports tourism is alive in Arizona! Cactus League Spring Training had another successful season, bringing in more than 1,169,000 fans to take in a game and enjoy the wonderful Arizona weather. During the first quarter, Arizona also took part in the World Baseball Championships and the P.F. Chang's Rock 'n' Roll Arizona Marathon and Half-Marathon, which continued to draw runners in record numbers, with 31,400 participants this year. In April, Phoenix International

Raceway hosted another popular NASCAR race, bringing fans from across the nation to Arizona. This was especially exciting because we also announced our own NASCAR Busch Series Race, the Arizona Travel 200, that will take place November 11. We know this race will draw on the NASCAR brand loyalty that reaches more than 75 million fans and bring them to Arizona to explore the state. Fiesta Bowl was also on target this winter, drawing fans from Ohio State and Notre Dame to experience the great Arizona winter weather.

Most importantly, our year began on the right track as tourism taxes for the first quarter brought in a staggering \$151 million, up 9.6 percent over first quarter 2005.

I can tell already it will be a fantastic year, and I know that we are all working together to create a strong, unified tourism industry that will continue to thrive.

*Margie A. Emmermann*

Margie A. Emmermann  
Director  
Arizona Office of Tourism

## Coming Soon...

- Rural Development Conference:  
**August 16-18**  
Northern Arizona University in Flagstaff  
[www.commerce.state.az.us/rural/rdc.asp](http://www.commerce.state.az.us/rural/rdc.asp)
- ESTO (Educational Seminar for Tourism Organizations):  
**August 19-22**  
St. Paul, Minnesota  
[www.tia.org](http://www.tia.org)
- Arizona Hospitality Expo:  
**September 27-28**  
Cardinals Stadium in Glendale  
[www.azhospitalityexpo.org](http://www.azhospitalityexpo.org)
- Arizona Showcase:  
**October 4-5**  
Hermosillo, Mexico
- Arizona Media Marketplace:  
**October 5**  
New York City
- Marketing Outlook Forum:  
**October 11-13**  
Boca Raton, FL  
[www.tia.org](http://www.tia.org)
- Smithsonian CultureFest:  
**November 2-5** Phoenix/Scottsdale  
**November 10-11** Prescott/Flagstaff
- World Travel Market:  
**November 6-9**  
London
- Arizona Travel 200 NASCAR Busch Series Race:  
**November 11, 2006**  
Phoenix International Raceway  
[www.phoenixintltrackway.com](http://www.phoenixintltrackway.com)